

CITY OF SANTA FE GENERAL OPERATING FUND AVAILABLE SOURCES OF REVENUE

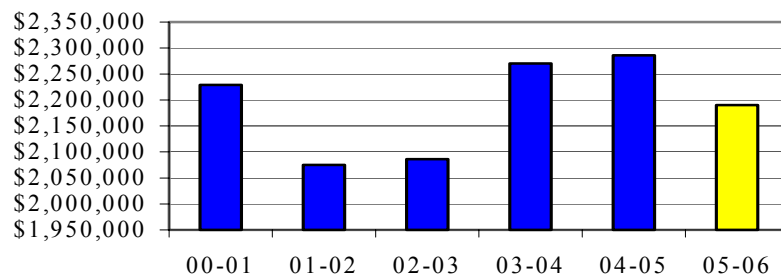
Locally Imposed Taxes

Franchise Taxes - The city imposes a fee on the gross receipts of private utilities doing business within the city. The tax is usually imposed when the municipality contracts with utilities to provide gas, electric, telephone, or cable TV services for the use of city right-of-way.

Analysis:

Listed below are the past five years of actual revenue with the percent of increase or decrease. Fluctuation in these revenues is largely due to climatic conditions and the resulting cost of energy.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	2,228,713	1.2
2001/02	2,075,036	<6.9>
2002/03	2,086,182	.01
2003/04	2,269,999	6.3
2004/05	2,285,967	.07
2005/06	2,190,000	<4.2>



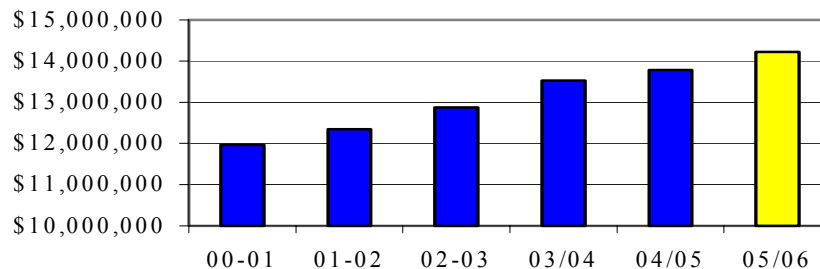
Municipal Gross Receipts Tax - Tax authorized pursuant to New Mexico State Statutes and implemented by local governments with tax collected from retailers on goods and services sold. The City of Santa Fe gross receipts increment for General Fund is .5%.

Analysis:

Listed below are the past five years of actual revenue collected in municipal gross receipt tax authorized for general municipal purposes and the amount budgeted for the current fiscal year.

For FY 2005/06, the revenue estimate projects a 3.2% increase over the FY 2004/05 actual revenue of \$13,780,913. The 2005/06 estimate is guarded considering the recent changes in how the state collects and distributes gross receipts. Adjusting gross receipts revenue is probable at midyear if the signs of diminished gross receipts distributed continue.

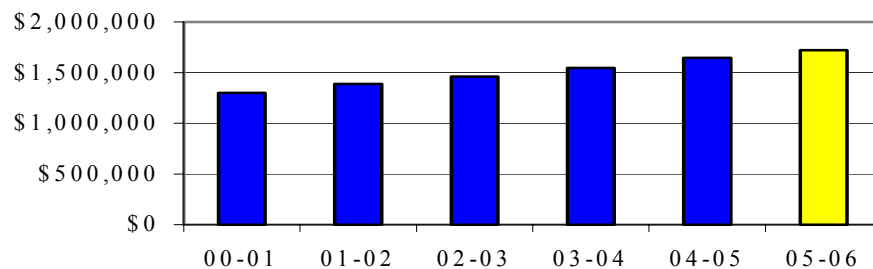
<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$11,961,483	.2
2001/02	12,344,510	3.2
2002/03	12,872,078	4.3
2003/04	13,522,585	5.1
2004/05	13,780,913	1.9
2005/06	14,225,400	3.2



Property Taxes - Are levied and collected by the Santa Fe County Treasurer on behalf of the city. The county remits to the city, on a monthly basis, a percentage of the collections made during that period. The percentage is calculated by the county based upon the amounts collected, the mill levy and the proportion of city taxpayers to the county as a whole.

Listed below are the past five years of actual revenue and proposed estimate with the percent of increase or decrease. The revenue estimate for fiscal year 2005/06 is based on preliminary data provided by the State Department of Finance Administration - Local Government Division. It reflects growth in the property tax base.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$1,300,305	4.9
2001/02	1,388,393	6.7
2002/03	1,462,019	5.3
2003/04	1,545,896	5.7
2004/05	1,646,328	6.5
2005/06	1,723,800	4.7

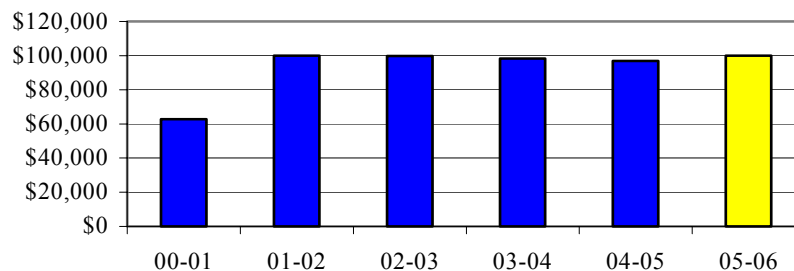


Cigarette Tax - The state of New Mexico collects tax on every pack of cigarettes and returns 2 cents per pack for general operating purposes to the city in which the cigarettes were purchased. An additional 1-cent per pack is returned and earmarked for recreation purposes and is budgeted in the Recreation Fund (2705).

Analysis:

Cigarette tax collections decreased over several years but increased significantly in 2001/02. The downward trend seen in previous years was the result of reduced consumption caused by advertising. National anti-smoking campaigns appear to be having less effect on tobacco sales as the tax receipts have again stabilized at around \$100,000 per year.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$ 62,671	<7.2>
2001/02	99,908	59.4
2002/03	99,801	<0.1>
2003/04	98,374	<1.5>
2004/05	96,716	<1.7>
2005/06	100,000	3.4

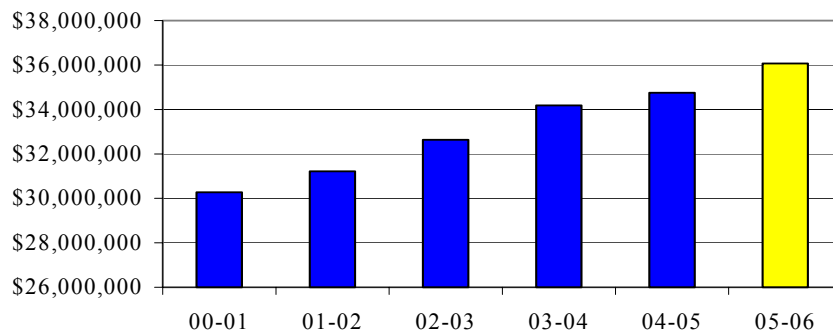


State-Shared Taxes

Gross Receipts Tax - This is the major source of revenue for municipalities in New Mexico and makes up about 53.5% of the total general operating fund revenues for the city of Santa Fe. Statewide, a 5% gross receipt tax is imposed; however, a credit of up to one-half of 1% is allowed for local gross receipts taxes imposed by municipalities. An increment of 1.225% is then returned to the municipality in which the tax is collected.

For FY 2004/05, the revenue estimate established is flat compared to the FY 2003/04 actual revenue of \$34,184,746. Trends will be closely analyzed over the course of the fiscal year and this line may be adjusted during the mid-year review.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$30,268,370	0.1
2001/02	31,212,009	3.1
2002/03	32,634,809	4.6
2003/04	34,184,746	4.7
2004/05	34,757,572	1.7
2005/06	36,065,900	3.8



The city's current gross receipts tax rate is 7.5625 cents per dollar. Out of the state's 5.000 cents, the state keeps 3.775 cents and distributes back to the city 1.225 cents plus a compensatory amount for the loss of GRT on food and medicine. A quarter-cent goes for funding of the bus system, quality of life projects and supplements general operations for revenue losses attributed to the one-eighth percent reductions made by the state; another quarter-cent goes to the county indigent fund to assist those who cannot afford health care; an eighth-percent funds general county operations; a one-sixteenth percent funds municipal solid waste improvements; another one-sixteenth percent funds improvements associated with the wastewater collection and treatment systems; a one-sixteenth percent funds the debt service payment for the acquisition of the railyard property and other general fund purposes, a one-sixteenth percent funds 15 additional police officers and related costs; and a one-sixteenth percent funds Chavez Center operations. The one-cent per dollar left is used to fund the city's capital improvements program and general city operations. The county has a new .1250 increment in support of the county jail effective Jan. 2005, and the city has a new .2500 increment effective Jul. 2005 for water capital projects. An additional .0625 county increment to provide additional support for county jail operations will be effective Jan. 2006.

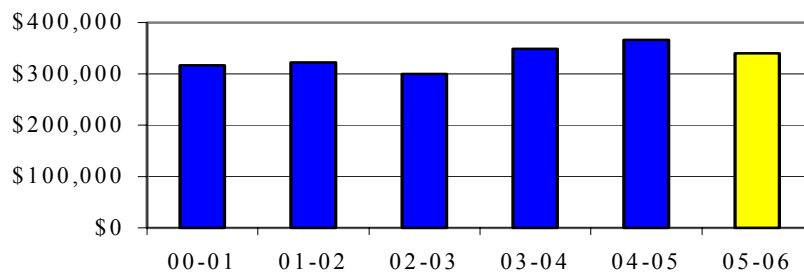
GROSS RECEIPTS TAX	
effective Jul. 2005	
FOR EVERY \$1 IN SALES, 7.5625 CENTS IS COLLECTED IN GROSS RECEIPTS TAX	
DISTRIBUTED TO:	CENTS
The State (1.225 is returned to the city)	5.00
City Capital Improvement Plan	0.500
General City Operations	0.500
Water Projects	0.250
County Indigent Fund	0.250
County Operations	0.125
County Capital	0.250
County Jail	0.125
Mun. G.R.T. (Bus System, Quality of Life, Revenue Loss)	0.250
Mun. G.R.T. Environmental (WW)	0.0625
Mun. G.R.T. Infrastructure:	
Solid Waste	0.0625
Railyard	0.0625
Police	0.0625
Chavez Center	0.0625
TOTAL	7.5625

Automobile Licenses - The state of New Mexico collects fees for each motor vehicle registration and driver's license issued from a Motor Vehicle Department field office within each county. A percentage of these fees are then distributed to each city in proportion to the registration fees collected.

Analysis:

The amount of collections is estimated to be less than the FY 04/05 actual revenue of \$366,113. The past two fiscal years, receipts for automobile license have increased and been well over the budgeted amounts. This line item will be carefully reviewed during the midyear review.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$316,716	<2.2>
2001/02	321,857	1.6
2002/03	299,457	<7.5>
2003/04	348,690	16.4
2004/05	366,113	5.0
2005/06	340,000	<7.1>



Fees and Services

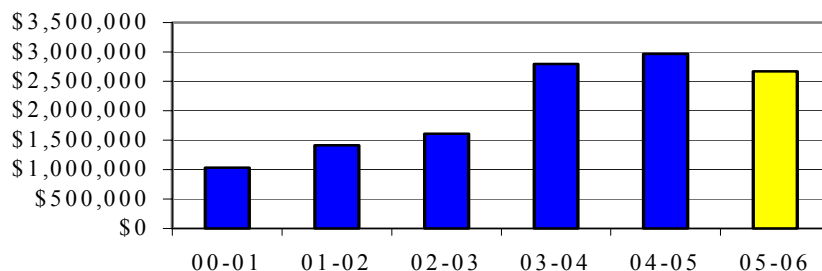
Planning Fees – Fees charged as authorized by the governing body to developers and citizens for services provided by the Planning and Development Department. The planning fee structure was reviewed and revised during the budget development process for FY 2003/04 to be comparable to those charged by other New Mexico municipalities and to more accurately reflect the cost of providing services.

Analysis:

Listed below are the past five years of actual revenue in planning fees collected for general municipal purposes and the amount budgeted for the current fiscal year.

For FY 2005/06, the revenue estimate includes a decrease of 10.1% from the FY 2004/05 actual revenue of \$2,966,949. This is due to reduction in the estimate for building permits and water administrative fees. These revenues will be reviewed at midyear.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$1,034,432	<5.4>
2001/02	1,410,560	36.4
2002/03	1,609,376	14.1
2003/04	2,794,954	73.6
2004/05	2,966,949	6.2
2005/06	2,667,900	<10.1>

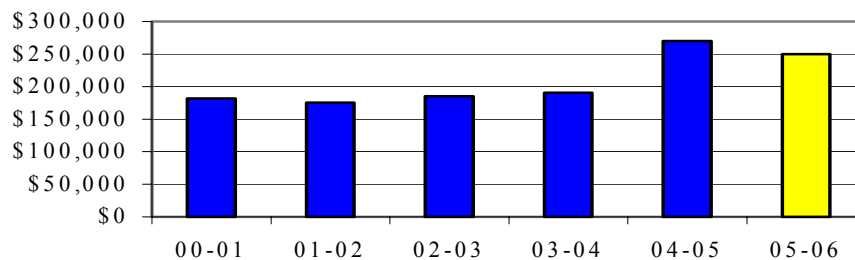


Business Registrations - Fee imposed on each place of business conducted in the city and not licensed pursuant to Section 3-38-1 NMSA 1978. The current business registration fee is \$35 and is payable on March 16th of each year and may not be prorated for any portion of the year.

Analysis:

Listed below are the past five years of actual revenue with the percent of increase or decrease. There had been a gradual but consistent decrease in the amount of revenue from business registration for prior fiscal years suggesting that businesses may not be renewing their registrations. This trend was reversed during FY 2002/03 indicating renewed emphasis on registration. There was a significant increase in registration fees during FY 2004/05.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$181,581	<1.5>
2001/02	175,197	<3.5>
2002/03	185,200	5.7
2003/04	190,604	2.9
2004/05	269,949	41.6
2005/06	250,000	<7.4>

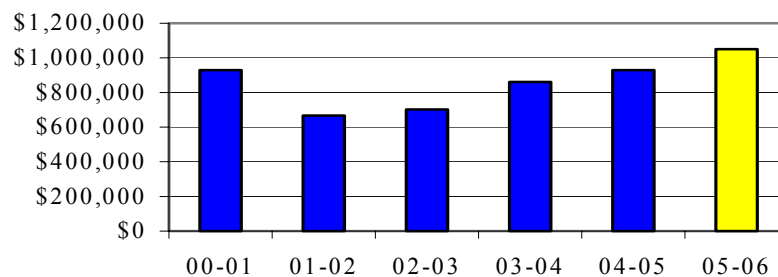


Ambulance Service - The city of Santa Fe Fire Department operates the Ambulance/Emergency Medical Services for the city. Fees for services are regulated by the New Mexico State Corporation Commission under a rate tariff. Basic services are billed at the rate of \$275 for the basic life or \$325 advanced life with additional fees for other services as provided. The Accounts Receivable Section is responsible for monthly billing and collection for services provided.

Analysis:

The city has aggressively pursue the collections of ambulance billings through contact with clients, insurance companies and other benefit providers, as well as referring clients to assistance programs. The decline in revenue in FY 2001/02 was the result of a backlog of unbilled services due to understaffing in the accounts receivable section during that period. Beginning in FY 2004/05, collections have been enhanced though use of a collections contractor.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$929,115	10.7
2001/02	665,704	<28.4>
2002/03	701,273	5.4
2003/04	860,698	22.7
2004/05	929,130	8.0
2005/06	1,050,000	13.0



Interest on Investments

Interest earnings are derived from the investment of temporarily-idle cash. Effective cash management coordinates revenue and expenditure forecasts in a pattern designed to minimize cash on hand.

Analysis:

The significant decline in investment interest that began in FY 2001-02 reflected Federal Reserve action to reduce interest rates and support recovery from recession. As the Federal Reserve continues taking steps to raise interest rates to manage the rate of economic expansion, interest earnings on city investments should continue increasing.

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>% INCREASE/ <DECREASE></u>
2000/01	\$601,435	<2.2>
2001/02	541,113	<10.0>
2002/03	435,552	<24.2>
2003/04	345,300	<20.7>
2004/05	403,876	17.0
2005/06	388,700	<3.8>

